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COUNTY OF LOS ANGELES

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Chief Executive Officer
Fesia A. Davenport

"To Enrich Lives Through Effective and Caring Service"

April 18, 2023

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**NINE-YEAR AMENDMENT
DEPARTMENT OF MENTAL HEALTH
11303 WEST WASHINGTON BOULEVARD, CULVER CITY
(SECOND DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed nine-year lease amendment to renew an existing lease to provide the Department of Mental Health (DMH) continued use of 15,980 square feet of office space and 64 on-site parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease amendment is exempt from the California Environmental Quality Act (CEQA), for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease amendment with PENNY KELEN MEEPOS, Trustee of the Penny Kelen Meepos 1996 Living Trust, dated May 29, 1996, and the Penny Kelen Meepos Trust, dated October 26, 2006 (Landlord), for approximately 15,980 square feet of office space and 64 on-site parking spaces located at 11303 West Washington Boulevard, Suite 200, Culver City (Premises) to be occupied by DMH. The estimated maximum first year base rental cost is \$797,722, which with a three-month rent abatement of \$199,430 will equal \$598,291. The estimated maximum total lease amendment cost is \$7,905,000 over the nine-year term. The rental costs will be fully funded by State and Federal funds. DMH will not be requesting additional net County cost for this action.

3. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed lease amendment and to take actions necessary and appropriate to implement the terms of the proposed lease amendment including, without limitation, early termination rights.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since April 22, 2009, DMH has been at this location, which serves as the administrative support for the: i) Service Area 5 Navigation Team; ii) Psychiatric Mobile Response Team for this service area; iii) Juvenile Justice Transition Aftercare Services program; iv) Service Area 5 Emergency Outreach and Triage Division; v) Homeless Outreach and Mobile Engagement Team; vi) Transition Age Youth; vii) Edelman Children Full Service Partnership and Recovery, Resilience and Re-integration; and viii) Promoter and Specialized Foster Care. These programs provide field based, virtual and/or in-person services to meet the diverse needs of the community.

The Premises house approximately 73 employees. The current lease expired May 1, 2022, and is in holdover with no additional fee charged by the Landlord. The location is centrally located for the convenience of the clients of this facility and is near public transportation routes.

The proposed lease amendment at the Premises will enable DMH to avoid relocation costs, interruption of services, and potentially higher rental rates. Due to the interviews and group therapy activities at this location, there are no immediate plans for extensive teleworking or hoteling.

Approval of the recommended actions will find that the proposed lease amendment is exempt from CEQA and will allow DMH to continue to operate at this location.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal 1 – “Make Investments That Transform Lives” – provides that we will aggressively address society’s most complicated social, health, and public safety challenges. We want to be a highly responsive organization capable of responding to complex societal challenges – one person at a time.

The proposed lease amendment is also consistent with the Strategic Asset Management Goal – Strengthen connection between service priorities and asset decisions – and Key Objective No. 4. – Guide Strategic Decision Making.

The proposed lease amendment supports the above goals and objective by renewing the use of an existing facility that includes proper accommodations for office and ancillary space in a centrally located facility that is accessible for employees and clients.

The proposed lease amendment conforms with the Asset Management Principles outlined in Enclosure A.

FISCAL IMPACT/FINANCING

The estimated maximum first year base rental cost is \$797,722 which with a three-month rent abatement of \$199,430 will equal \$598,291. The aggregate cost associated with the proposed lease amendment over the entire term is \$7,905,000 as shown in Enclosure B-1. The rental costs will be fully funded by State and Federal funds. DMH will not be requesting additional net County cost for this action.

Sufficient funding to cover the proposed rent for the first year of the proposed lease amendment term is included in the Fiscal Year (FY) 2022-23 Rent Expense budget and will be billed back to DMH. DMH has sufficient funding in its FY 2022-23 Operating Budget to cover the proposed rent for the first year. Beginning in FY 2023-24, ongoing funding for costs associated with the proposed lease amendment will be part of the budget for DMH.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In addition to the terms previously stated, the proposed lease amendment also contains the following provisions:

- Upon commencement of the proposed lease amendment, the annual rental rate will decrease from \$62.37 per square foot, per year to \$49.92 per square foot, per year, including parking. Base rent is subject to annual increases based on the Consumer Price Index capped at 3 percent per annum.
- The Landlord will provide a non-reimbursable tenant improvement (TI) allowance of \$319,600 (\$20.00 per rentable square foot).
- The Landlord is responsible for the operating and maintenance costs of the Premises as well as utilities and janitorial expenses.
- A comparison of the existing lease and the proposed lease amendment is shown in Enclosure B-2.
- The County shall have an ongoing right to terminate the lease at any time after the end of the 60th month of the extension term with not less than nine months prior written notice, and subject to a termination fee equal to the unamortized portion of the TI allowance and the rental abatement received, and one and one-half month's rent.
- Holdover in the proposed lease amendment would be subject to the same terms and conditions of the existing lease, and monthly base rent during holdover will be at the same rent at the time of the lease expiration.
- The proposed lease amendment will be effective upon approval by the Board and full execution of the lease amendment.

The Chief Executive Office conducted a market search of available office space for the proposed lease amendment but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$49.80 and \$69 per square foot, per year, including parking. The base annual rental rate of \$49.92 per square foot, per year including parking, for the proposed lease amendment represents a rate that is on the low end of the market range for the area. Further, relocation to a new building would require costly new tenant improvements and disrupt services. We recommend the proposed Premises as the most suitable to meet the DMH's space requirements.

Though the Chief Executive Office has communicated with co-working office space companies in the region concerning this and similar type social programs, this office model is not conducive to the DMH programmatic standards for this type of interpersonal program; co-working office space is not programmatically practicable for one-on-one confidential mental health therapeutic practices.

Enclosure C shows all County-owned and leased facilities within the surveyed areas, and there are no suitable County-owned or leased facilities available for this space requirement.

The Department of Public Works has inspected the facility and found it suitable for the County's occupancy. The required notification letter to the City of Culver City has been sent in accordance with Government Code section 25351.

County Counsel has reviewed the proposed lease amendment and approved it as to form. The proposed lease amendment is authorized by Government Code section 25351, which allows the County to enter into leases and agreements for the leasing of buildings as necessary to carry out the work of the county government.

The proposed lease amendment will continue to provide an appropriate location for the DMH programs which is consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012, as outlined in Enclosure D.

ENVIRONMENTAL DOCUMENTATION

This project is exempt from CEQA, as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and section 15301 of the State CEQA Guidelines (Existing Facilities). The proposed lease amendment, which involves the leasing of existing office space with minor tenant improvements within an existing building, with no expansion of the existing building, is within a class of projects that have been determined not to have a significant effect on the environment and meets the criteria set forth in section 15301 of the State CEQA Guidelines (Guidelines), and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed project records, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled, pursuant to Government Code section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

Upon the Board's approval of the recommended actions, a Notice of Exemption will be filed with the Registrar-Recorder/County Clerk in accordance with section 21152 of the California Public Resources Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will adequately provide the necessary office space and parking for this County requirement. DMH concurs with the proposed lease amendment and recommendations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Fesia A. Davenport', with a stylized, flowing script.

FESIA A. DAVENPORT

Chief Executive Officer

FAD:JMN:JTC

JLC:HD:ANR:NH:gb

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Mental Health

**DEPARTMENT OF MENTAL HEALTH
11303 W. WASHINGTON BLVD., CULVER CITY
Asset Management Principles Compliance Form¹**

1.	<u>Occupancy</u>		Yes	No	N/A	
	A	Does lease consolidate administrative functions? ²			X	
	B	Does lease co-locate with other functions to better serve clients? ² Multiple programs of DMH are housed at this location.		X		
	C	Does this lease centralize business support functions? ²			X	
	D	Does this lease meet the guideline of 200 sq. ft of space per person? Approximately 219 sq. ft. per person (based on 73 staff) due to conference and reception rooms.		X		
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ²	X			
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X			
2.	<u>Capital</u>					
	A	Is it a substantial net County cost (NCC) program?		X		
	B	Is this a long-term County program?	X			
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X		
	D	If no, are there any suitable County-owned facilities available?		X		
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X	
	F	Is Building Description Report enclosed as Enclosure C?	X			
	G	Was build-to-suit or capital project considered? The County currently occupies the facility, and a capital project was not considered.		X		
3.	<u>Portfolio Management</u>					
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X			
	B	Was the space need justified?	X			
	C	If a renewal lease, was co-location with other County departments considered?			X	
	D	Why was this program not co-located with other County departments?				X
		1. ____ The program clientele requires a "stand alone" facility.				
		2. <u>X</u> No suitable County occupied properties in project area.				
		3. ____ No County-owned facilities available for the project.				
		4. ____ Could not get City clearance or approval.				
		5. ____ The Program is being co-located.				
	E	Is lease a full-service lease? ²	X			
	F	Has growth projection been considered in space request?	X			
	G	¹ Has the Dept. of Public Works completed seismic review/approval?	X			
¹ As approved by the Board of Supervisors 11/17/98						
² If not, why not?						

OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

11303 W. Washington Boulevard, Culver City
Department of Mental Health

Basic Lease Assumptions

Leased Area (sq.ft.)	15,980	
	Monthly	Annual
Rent (per sq. ft.) ⁽¹⁾	\$4.16	\$49.92
Rent Amount (\$)	\$66,476.80	\$797,721.60
Term (Month/Years)	108	9
Adjustment	3%	
Rent Abatement ⁽²⁾	\$199,430.00	

	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	6 th Year	7 th Year	8 th Year	9 th Year	Total 9 Year Rental Costs
Annual Rent Costs ⁽¹⁾	\$797,722	\$821,653	\$846,303	\$871,692	\$897,843	\$924,778	\$952,521	\$981,097	\$1,010,530	\$8,105,000
Rent Abatement ⁽²⁾	(\$199,430)									(\$200,000)
Total Cost Paid to Landlord	\$598,291	\$821,653	\$846,303	\$871,692	\$897,843	\$924,778	\$952,521	\$981,097	\$1,010,530	\$7,905,000
Total Annual Lease Costs	\$598,291	\$821,653	\$846,303	\$871,692	\$897,843	\$924,778	\$952,521	\$981,097	\$1,010,530	\$7,905,000

Footnotes

⁽¹⁾ The Rent is subject to annual CPI rent adjustments which in no event shall exceed a cap of three percent (3%)

⁽²⁾ Tenant shall receive full Rent Abatement during months one (1) through three (3) of the Initial Term.

***Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.**

COMPARISON OF THE PROPOSED LEASE AMENDMENT TO EXISTING LEASE

	Existing Lease: 11303 W. Washington Blvd.	Proposed Amendment: 11303 W. Washington Blvd.	Change
Area (Square Feet)	15,980 sq.ft.	15,980 sq.ft.	None
Term (years)	5 years (expired)	9 years	+4 years
Annual Base Rent (Base rent includes 64 parking spaces)	Base Rent \$996,596 (\$62.37 per sq. ft. annually)	Total \$797,722 ⁽¹⁾ (\$49.92 per sq. ft. annually)	-\$198,874 annually
County's TI Cost	\$0.00	\$0.00	None
Annual Parking Cost (64 on-site parking spaces)	Included	Included	None
Janitorial/Utility/Maintenance Costs	Included	Included	None
Total Annual Lease Costs payable to Landlord	\$996,596	\$797,722	-\$198,874 annually
Rental rate adjustment	Annual CPI adjustments capped at four percent with two percent minimum.	Annual CPI adjustments capped at three percent with no minimum.	Annual CPI capped at three percent, no min.

⁽¹⁾ There is three month's rent abatement which results in total base rent paid in year one of \$598,291.

**DEPARTMENT OF MENTAL HEALTH
SPACE SEARCH – 11303 W. WASHINGTON BLVD., CULVER CITY**

Laco	Name	Address	Gross SF	Net SF	Ownership	VACANT SQFT
6330	INGLEWOOD COURTHOUSE	1 E REGENT ST, INGLEWOOD 90301	140,674	89,483	SUPERIOR COURTS	NONE
X301	LOS ANGELES AIRPORT COURTHOUSE	11701 S LA CIENEGA BLVD, LOS ANGELES 90045	292,000	157,380	SUPERIOR COURTS	NONE
A071	PH - WEST DISTRICT OFFICE	6101 W CENTINELA AVE, CULVER CITY 90230	8,912	8,466	LEASED	NONE
A378	DPSS - AIRPORT/WESTSIDE GAIN REGION I OFFICE	5200 W CENTURY BLVD, WESTCHESTER 90045	50,147	47,640	LEASED	NONE
A437	DCFS - WATERIDGE (SPA 6)	5100 W GOLDLEAF CIR, BUILDING C, LOS ANGELES 90056	52,370	46,086	LEASED	NONE
B006	FIRE - PREVENTION BUREAU - WEST METRO OFFICE	6167 BRISTOL PKWY, CULVER CITY 90230	3,426	3,255	LEASED	NONE
A242	DPSS - MEDICAL INGLEWOOD OFFICE/PUBLIC HEALTH SERVICES	9800 S LA CIENEGA BLVD, INGLEWOOD 90301	59,069	56,116	LEASED	NONE
5933	PH - CURTIS TUCKER PUBLIC HEALTH CENTER	123 W MANCHESTER BLVD, INGLEWOOD 90301	28,734	16,828	OWNED	NONE
6304	PROBATION - CRENSHAW AREA OFFICE	3606 W EXPOSITION BLVD, LOS ANGELES 90016	19,112	14,020	OWNED	NONE
13	PW ROAD - DIV #233/333/433 YARD OFFICE	5530 W 83RD ST, WESTCHESTER 90045	2,400	2,160	OWNED	NONE
3776	CULVER CITY COURTHOUSE	4130 OVERLAND AVE, CULVER CITY 90230	21,568	11,155	OWNED	NONE

FACILITY LOCATION POLICY ANALYSIS

Proposed lease amendment: Lease amendment for the Department of Mental Health – 11303 W. Washington Blvd., Suite 200, Culver City within the Second Supervisorial District.

A. Establish Service Function Category – Regional and public service function

B. Determination of the Service Area – The proposed lease amendment provides a centrally located DMH Clinic within Service Planning Area 5 for another nine years.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: DMH programs are most effective when located in the same geographic area as their consumers, providers and stakeholders. This location meets the service area criteria and remains in the desired area.
- Need for proximity to existing County facilities: Close to several other County departments including DPSS, Fire and DCFS.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is easily accessible to the 405 freeway and adequately served by local bus services in Culver City.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: Located within a long-standing commercial medical-type service center.
- Compatibility with local land use plans: The City of Culver City has been notified of the proposed County use which is consistent with its use and zoning for office space at this location.
- Estimated acquisition/construction and ongoing operational costs: The aggregate cost associated with the proposed lease amendment over the entire term is \$7,905,000.

D. Analyze results and identify location alternatives

It has been established that the annual rental range for a comparable lease in the area is between \$49.80 and \$69 per square foot, per year. The base annual rental rate of \$49.92 per square foot, per year for the proposed lease amendment represents a rate that is on the low end of the market range for the area.

E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost, and other Location Selection Criteria

The proposed lease amendment will provide adequate and efficient office space for 73 employees consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012. There are no available buildings in the area that meet DMH's requirements.

AMENDMENT NO. 2 TO LEASE AGREEMENT NO. 76659
11303 W. Washington Boulevard, Culver City

THIS AMENDMENT NO. 2 TO LEASE AGREEMENT NO. 76659, 11303 W. Washington Boulevard, Culver City (this "Second Amendment") is made as of this _____ day of _____, 2023 by and between the PENNY KELEN MEEPOS, Trustee of the Penny Kelen Meepos 1996 Living Trust, dated May 29, 1996 and the Penny Kelen Meepos Trust, dated October 26, 2006, (the "Landlord"), successor in interest to Kelen Family Trust B and the Penny Kelen Meepos Trust and COUNTY OF LOS ANGELES, a body politic and corporate (the "Tenant").

RECITALS

WHEREAS, Landlord and Tenant entered into that certain lease agreement dated August 5, 2008 (the "Lease") as amended by the First Amendment to Lease Agreement dated May 2, 2017 (the "First Amendment"), wherein collectively the Lease, First Amendment and Second Amendment shall be referred to as the lease ("Lease"), for those certain premises currently known as Suite 200, encompassing the entire second (2nd) floor of the building (the "Premises") at the building commonly known as 11303 W. Washington Boulevard, Culver City, California ("Building"), comprised of approximately 15,980 rentable square feet (the "Premises");

WHEREAS, the term of the Lease as amended by the First Amendment expired on May 1, 2022, and Tenant continues to occupy the Premises in month-to-month holdover status; and

WHEREAS, the parties hereto desire to extend the term of the Lease and modify and amend the Lease as hereinafter provided.

NOW, THEREFORE, for and in consideration of the mutual covenants and provisions contained herein and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, Landlord and Tenant hereby agree to the following amended terms and conditions:

AGREEMENT

1. EXTENSION OF THE LEASE TERM. Landlord and Tenant acknowledge that Tenant's initial term of the Lease for the Premises expired on May 1, 2022, and that the Lease is currently valid and in holdover, as allowed under Section 7 of the Lease, on a month-to-month term. Notwithstanding anything to the contrary in the Lease, Section 1.1(e) of the Lease is hereby amended to extend the Lease term for an additional nine (9) years commencing upon the extension effective date ("Extension Effective Date"), which shall be defined as the date on which this Second Amendment has been mutually executed by both Tenant and Landlord. The Lease shall expire at midnight on the day before the ninth (9th) anniversary of the Extension Effective Date ("Lease Expiration Date"), subject to earlier termination by the Tenant as provided in the Lease, as hereby amended. The period of time commencing on the Extension Effective Date and terminating on the Lease Expiration Date shall be referred to herein as the "Extension Term".

2. EARLY TERMINATION. Notwithstanding anything to the contrary in the Lease, Section 4(d) of the Lease is hereby amended to: Tenant shall have an ongoing right to terminate the Lease at any time after the end of the 60th month of the Extension Term by providing Landlord with not less than nine (9) months prior written notice. Should Tenant exercise its early termination right, as outlined herein, Tenant shall provide Landlord with a termination fee ("Termination Fee") equal to: (i) The unamortized value of the Tenant Improvement Allowance as of the early

termination date; (ii) The unamortized value of the Rental Abatement as of the early termination date and (iii) An amount equal to one and one half (1½) month's Basic Rent, wherein the Basic Rent amount shall be based on the Basic Rent during the final year of the Extended Term, and delivery of the Termination Fee by Tenant to Landlord shall be paid in conjunction with Tenant's payment of the last month's rent to Landlord.

3. BASIC RENT. Commencing on the Extension Effective Date, the Basic Rent as set forth in Section 1.1(i) of the Lease and as amended by Section 6 of the First Amendment, wherein the term Basic Rent is referred to as Base Rent, but such term shall have the same meaning as Basic Rent, is hereby amended to provide for the Basic Rent to be equal to Sixty-Six Thousand Four Hundred Seventy-Six Dollars and 80/100 (\$66,476.80) per month (i.e., \$4.16 per square foot per month) for months 1-12 of the Extension Term. Commencing on the 13th month of the Extension Term, the Basic Rent shall be subject to the following Rental Adjustment throughout the Extension Term:

(a) Rent Adjustment. Commencing on the 13th month of the Extension Term (the "Adjustment Date") and occurring on each anniversary of the Adjustment Date thereafter and continuing throughout the entire Extension Term, the Basic Rent shall be adjusted annually by applying the CPI Formula set forth below to the total amount of the monthly Basic Rent for the prior year during the Extension Term. The "Basic Index" shall be the Index published for the month prior to commencement of the Extension Term. After the first anniversary of the Commencement, the Basic Index shall be changed to the index for the prior year.

(b) CPI Formula. The Index means the Consumer Price Index for all Urban Consumer for the Los Angeles-Long Beach-Anaheim, CA area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" shall provide for the Basic Rent to be multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the Rent Adjustment is to be effective, and the denominator being the Basic Index. If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Extension Term, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

(c) Illustration of Formula. The formula for determining the new rent shall be as follows:

$$\frac{\text{New Index}}{[\text{Basic Index}]} \times \$66,476.80 \text{ (Basic Rent)} = \text{New Monthly Basic Rent}$$

(d) Limitations on CPI Adjustment. In no event shall the monthly Basic Rent adjustment based upon the CPI Formula result in an annual increase more than three percent (3%) per year of the Basic Rent of the previous year per annual adjustment. In no event shall the monthly rent be adjusted by the CPI Formula to result in a lower monthly Basic Rent than was payable during the previous year.

(e) Rental Abatement. Tenant shall receive full Rental Abatement during months one (1) through three (3) of the Extended Term.

4. USE. Subject to the terms and conditions contained in Sections 1.1(l) and 6 of the Lease, Tenant may use and occupy the Premises for Department of Mental Health and for any other lawful use. The County will be permitted to replace the initial tenant department with any County of Los Angeles Department or Division or associated agency, subject to Landlord's reasonable consent, which shall not be unreasonably conditioned or delayed.

5. TENANT IMPROVEMENT ALLOWANCE. Tenant desires to make alterations to the Premises to provide new paint, carpet and other miscellaneous improvements and/or install furniture, fixtures and/or equipment, ("Improvements"), as needed to be installed and/or constructed within the Premises. Landlord shall provide Tenant with a Tenant Improvement Allowance, equal to Three Hundred Nineteen Thousand Six Hundred Dollars (\$319,600.00) representing twenty (\$20.00 per RSF) ("Tenant Improvement Allowance"), subject to Landlord's deduction from the Tenant Improvement Allowance as reimbursement for costs associated with the Reports. Tenant's failure to use the Tenant Improvement Allowance on or before the end of the twenty-fourth (24th) month of the Extended Term shall be deemed to be Tenant's forfeiture of the entire balance of the unused Tenant Improvement Allowance. Tenant shall have the right to apply up to Ten Dollars (\$10.00) per RSF of the Tenant Improvement Allowance as a credit against Tenant's rental obligations under the Lease ("Tenant Improvement Allowance Credit"), so long as Tenant notifies Landlord prior to the expiration of the twenty-fourth (24th) month of the Extended Term and the first Tenant Improvement Allowance Credit is applied to Tenant's next Basic Rent due under the Lease.

6. REPORTS. Landlord has agreed to provide Tenant with the Required Reports ("Reports"), which are outlined below, wherein Landlord shall deduct the cost of the Reports from the Tenant Improvement Allowance. However, if Tenant has not finalized a lease transaction with Landlord for the Premises, by means of executing this Second Amendment, by May 31, 2023, then Tenant shall reimburse Landlord for all actual costs incurred in obtaining the Reports by October 31, 2023.

a. Hazardous Materials Asbestos Containing Materials. Landlord shall provide Tenant an asbestos report for the Building. Further, Landlord shall represent, that there are no hazardous or asbestos containing materials ("ACM") located within the entire structure and provide all necessary certificates to indicate same.

b. Americans with Disabilities Act. Landlord shall provide Tenant an Americans with Disabilities Act ("ADA") report for the Building. Further, Landlord, at its cost, shall resolve any noncompliant conditions described within such report.

7. BROKERS. The following is added to Section 29(c): Provided however, Tenant warrants that it has not dealt with any real estate broker(s), agent(s), and/or finder(s) in connection with this transaction other than Tenant Advocates, Inc., a California corporation, dba Cresa ("Cresa"). As such, Cresa is recognized as Tenant's representing broker ("Tenant's Broker") and shall be paid a commission equal Two (2%) percent of the total gross lease consideration, less the value of Rental Abatement for years 1-5 of the Extension Term and One (1%) percent of the total gross lease consideration, less the value of Rental Abatement for years 6-9 of the Extension Term. Landlord will pay the portion of the brokerage commission deemed to be for Tenant's Broker in connection with leasing of the Premises directly to Tenant's Broker. As to this Second Amendment between Landlord and Tenant, the Landlord is represented by Cushman & Wakefield, U.S. Inc., ("Cushman & Wakefield") acting through Bradley Gross, as its agent/broker and the Tenant is represented by Tenant Advocates, Inc., a California corporation, dba Cresa, acting through Gerald Porter, Dennis Smith and Steve Seinfeld, wherein at the time of the

commencement of Cresa being retained by Tenant to present its interest in the negotiations associated with this lease transaction, Steve Seinfeld worked at Cresa, but at the time of the execution of this Second Amendment now works at Cushman & Wakefield and therefore, Landlord and Tenant acknowledge and agree with the foregoing agency disclosure and consent to the dual agency relationship specified herein.

8. SMOKING PROHIBITION. Landlord shall require that the Building comply with the Los Angeles County Smoking Ordinance found in the Los Angeles County, California Code of Ordinances, Title 2 – Administration, Chapter 2.126.

9. MODIFICATION OF LEASE TERMS & DEFAULT. Notwithstanding anything to the contrary herein, except as specifically amended or modified herein, each and every term, covenant, and condition of the Lease, as amended, hereby is ratified and shall remain in full force and effect. Landlord represents and warrants that as of the date hereof that (a) no defenses or offsets exist to the enforcement of the Lease by Landlord, (b) neither Tenant nor Landlord is in default in the performance of the Lease or any provisions contained therein, (c) neither Tenant nor Landlord has committed any breach of the Lease, nor has any default occurred which, with the passage of time or the giving of notice or both, would constitute a default or a breach by Tenant or Landlord under the Lease. In the event of a conflict between the Lease and this Second Amendment, the terms of this Second Amendment shall control.

10. MISCELLANEOUS. This Second Amendment and any other document necessary for the consummation of the transaction contemplated by this Second Amendment may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Second Amendment and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Second Amendment had been delivered had been signed using a handwritten signature. Landlord and Tenant (i) agree that an electronic signature, whether digital or encrypted, of a party to this Second Amendment is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Second Amendment based on the foregoing forms of signature. If this Second Amendment has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and California Uniform Electronic Transactions Act ("UETA")(Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

[Signature Page Immediately Follows]

IN WITNESS WHEREOF the Landlord has executed this Second Amendment or caused it to be duly executed, and the County of Los Angeles has caused this Second Amendment to be executed on its behalf by the parties herein and attested by the Clerk thereof the day, month, and year first above written.

LANDLORD:

PENNY KELEN MEEPOS, Trustee of the Penny Kelen Meepos 1996 Living Trust, dated May 29, 1996 and the Penny Kelen Meepos Trust, dated October 26, 2006

By 
Penny Kelen Meepos, Trustee

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer


ATTEST:

DEAN C. LOGAN
Recorder/County Clerk
of the County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By: 
Senior Deputy